
Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region

Proposed Notice of Sale Beaufort Sea Oil and Gas Lease Sale 202

Enclosed is the Proposed Notice of Sale (PNOS) for Sale 202, Beaufort Sea, which is scheduled to be held on March 28, 2007, in Anchorage, Alaska.

In addition to the PNOS, the proposed sale package consists of:

- Lease Stipulations for Sale 202
- Information to Lessees for Sale 202
- Royalty Suspension Provisions for Sale 202
- Blocks Available for Leasing in Sale 202

All documents are available on the MMS Web Site at: <http://www.mms.gov/alaska>.

If you are unable to download off the web site you may email MMS at akwebmaster@mms.gov or call 1-800-764-2627 to receive a PDF file by email or to receive a compact disk by mail.



Please Note: Terms and conditions for Sale 202 include the following:

Stipulations

There are seven stipulations which will be made a part of leases resulting from this sale. Bidders should note that Stipulation No. 4 – Industry Site-Specific Bowhead Whale Monitoring Program -- is applicable to specific blocks during specified time frames. Please refer to the Lease Stipulations information page.

Information to Lessees (ITLs): There are 26 ITLs which advise and provide further guidance to potential lessees on additional regulatory and stipulated requirements pertinent to the leased area.

Bonding Requirements: The regulations at 30 CFR 256.58, "Termination of the period of Liability and cancellation of a bond" were amended on December 3, 2001, and became effective on January 2, 2002. Please see paragraph (z) in the Information to Lessees document.

Electronic Funds Transfer (EFT) Payments: The 1/5th bonus bid deposits for successful bids will be due by 1:00 P.M. Eastern Time the day following bid reading. In addition, certain bid submitters (i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a 1/5th bonus payment [EFT or otherwise]) will be required to guarantee (secure) their 1/5th bonus payment prior to the submission of bids. Also, when paying the 4/5th bonus and rental payments, it is requested that only one transaction be used. Please refer to Instructions for Making EFT Bonus Payments.

Minimum Bonus Bid Amounts: The blocks offered in Sale 202 have been subdivided into two zones. Zone A is the area that is nearest to existing infrastructure, Zone B is more distant. The minimum bid amount for blocks in Zone A is \$37.50 per hectare, or fraction thereof. For blocks in Zone B, the minimum bid amount is \$25 per hectare, or fraction thereof.

Rentals/Minimum Royalties/Royalty Suspension Provisions: The timing of when rental versus minimum royalty is due has been recently revised. The revised requirement is contained in the PNOS.

Royalty suspensions apply to all blocks in the sale area. Royalty suspensions are prorated by lease acreage and subject to price thresholds. Refer to the paper on Royalty Suspension Provisions included in the PNOS package. All leases resulting from this sale will include an Addendum to modify Sections 4, 5, and 6 of the lease instrument to implement these revisions and to address royalty suspension provisions. The minimum royalty rate is \$13 per hectare, or fraction thereof, due at the expiration of each lease year which commences after the start of royalty-bearing production.

Annual rentals are due on or before the first day of each lease year as shown in the table included in the PNOS. Bidders are advised that Zones A and Zone B have different rental rates and are lower in the early years and rise in later years.

MMS Inspection and Enforcement of Certain Coast Guard Regulations: On February 7, 2002, the Coast Guard published in the *Federal Register* (67 FR 5912) a final rule authorizing "... MMS to perform inspections on fixed Outer Continental Shelf facilities engaged in OCS activities ..." Bidders are referred to paragraph (w) of the Information to Lessees document.



Statistical Information – Sale 202

Size of Area: Approximately 9.7 million acres comprised of approximately 1,877 whole and partial blocks

Range of Water Depths: Approximately 25 feet to 3,000 feet (approximately 99% of the sale area is less than 200 feet deep, a small portion of the outer limits of the sale area north of Harrison Bay drops to approximately 3,000 feet)

Range of Distance from Shore: 3 miles to approximately 60 nautical miles

Initial Period of Leases: 10 years

Minimum Bonus Bid Amount: \$37.50 per hectare or fraction thereof for all blocks in Zone A, and \$25 per hectare or fraction thereof for all blocks in Zone B

Rental/Minimum Royalty Rate: \$13 per hectare or fraction thereof

Royalty Rate: 12 ½ percent applies to all blocks/bidding units

Royalty Suspension Areas: Royalty suspensions prorated by lease acreage and subject to price thresholds will apply to all blocks. Refer to the paper on Royalty Suspension Provisions included in the Proposed Notice of Sale package.

For more information on the information included in the sale package, please contact Mr. Steve Flippen at (907) 334-5268 of the Alaska OCS Region Leasing Activities Section.